



Vol 24, Issue 1

Retired Member Edition

Summer 2003

From the Director

Pre-Tax Treatment of Health Insurance Premiums, Health Care Costs

As you may know, an active employee may have his or her state health insurance premiums and medical spending account contributions payroll deducted on a pre-tax basis. As a retired employee, however, you are not allowed to do so through your retirement check.

Earlier this year, the South Carolina Retirement Systems began supporting national efforts that call upon the President and Congress of the United States to modify the federal Internal Revenue Code (IRC) so that retirees may pay for health insurance premiums and other medical expenses on a pre-tax basis just as active employees.

At our request, the State Budget and Control Board adopted a resolution urging the South Carolina General Assembly to memorialize the United States Congress to modify the federal IRC to effectively end the long-standing inequity of retirees not being allowed to use pre-tax dollars to pay health insurance premiums and health care costs.

A concurrent resolution doing just that was introduced in the South Carolina House of Representatives and adopted by the South Carolina General Assembly April 24, 2003.

The approximately 90,000 retirees covered by the Retirement Systems currently deduct \$57 million in health insurance premiums from

their retirement annuities, after-tax. On a larger scale, there are some 300,000 South Carolina households receiving a retirement benefit from all sources who could benefit from modification of the IRC.

Since modification of the IRC would directly and positively affect our members, the Retirement Systems will continue to support efforts to allow retirees to pay their health insurance premiums and other health care costs with pre-tax dollars.

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Looking for us on the Web? Try our new address at www.retirement.sc.gov!

Retirement Legislation Update

SC Retirement Systems Claims Procedures Act Established, SCDOE Exemption Continued

Claims Procedures Act

(Senate Bill 340)

(Ratification No. 33)

(Act No. 12)

The South Carolina Claims Procedures Act provides remedies available in a dispute or controversy between the Retirement Systems and a member or a designated beneficiary of a member of any of the retirement systems established in Title 9 of the SC Code of Laws. Please see article below for more information.

Department of Education's (SCDOE's) annual earnings limitation exemption for retired South Carolina Retirement Systems members who return to work.

Education Department's Annual Earnings Limitation Exemption Extended

(House Bill 3749, Proviso 1.43)

(Ratification No. 127)

A proviso included as part of the FY 2004 Appropriations Act continued the South Carolina

The exemption from the earnings limitation applies to retired educators hired as teacher specialists, principal specialists, principal leaders, or curriculum specialists hired by public school districts in a geographical or academic critical needs area.

Claims Procedures Act Established

This year, the South Carolina General Assembly created a more efficient and fair dispute resolution process by enacting the South Carolina Retirement Systems Claims Procedure Act (Act). The Act was signed into law by Governor Mark Sanford.

The State Budget and Control Board (Board) then enacted a new claims procedure effective July 1, 2003, to implement the Act.

The Act sets out a one-year statute of limitations, limits

retroactive relief to one year, and prohibits class action lawsuits.

The Board's claims procedure provides that the administrative decisions of the Retirement Systems are reviewed *de novo* by the Administrative Law Judge Division.

De novo means that the Administrative Law Judge will conduct a trial with witness testimony and evidence rather than a mere review of the agency record.

The Circuit Court, the Court of Appeals, and ultimately, the South Carolina Supreme Court, may review the Administrative Law Judge Division's decision.

The new claims procedure provides an efficient and less costly mechanism for resolving disputes while still affording members due process. The procedure applies also to disputes between a member's designated beneficiary and the Retirement Systems.

Why Your Benefit May Not Be What You Expected

When you receive your first benefit check, it is based on information received up to that point. We refer to this as estimated status. After we receive information from your employer, such as unused sick leave or payment for your unused annual leave, we adjust your benefit accordingly. We refer to this as finalized status.

As a result of the information received from your employer, your finalized benefit may be less than, or more than, your estimated benefit. Releasing your benefit in estimated status ensures that you begin receiving a benefit as soon as possible.

Board Approves Retiree COLA for FY 2004

At its June 17th meeting, the State Budget and Control Board approved a 2.4 percent cost-of-living adjustment (COLA) that took effect July 1, 2003, for members of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) whose retirement was in effect the previous July 1st.

The COLA is based on a 2.4 percent increase in the Consumer Price Index (CPI) as of December 31, 2002.

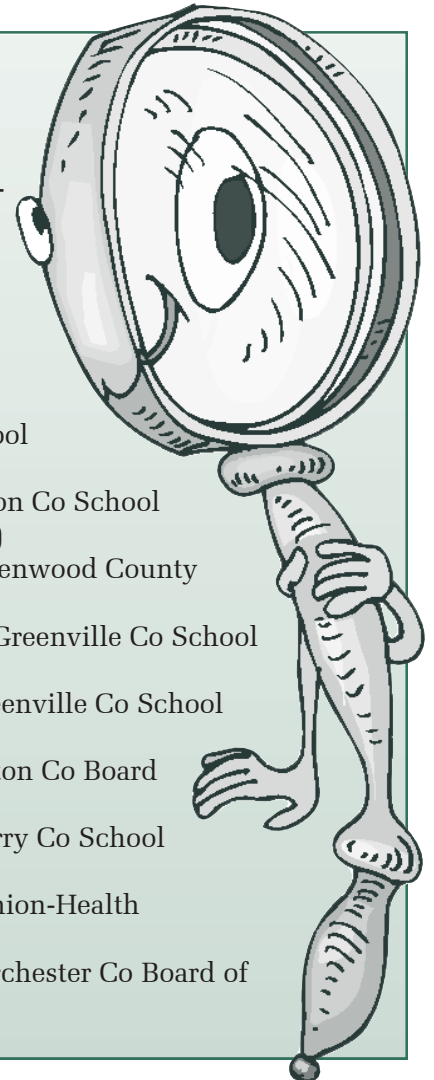
SCRS members who retired early are not eligible for COLAs until the second July 1st after they reach age 60 or the second July 1st after the date they would have attained 28 years of service credit had they not retired.

Help Us Find These Members

The following is a small list of individuals who at one time contributed to the South Carolina Retirement Systems. We do not have valid addresses for them and wish to inform them about the funds to which they are entitled. If you know how we may reach any of them, please let us know.

Mamie Glover (Aiken County School District)
Mitchell Branham (State Hwy Dept-Fairfield Co)
Matthew Harris, Jr. (Aiken County)
Bonnie Pight (City of Florence)
William Banner Thomason (York Co School Dist)
Winfield Duren (Kershaw Co School District)
Inez T. Martin (Fairfield Co School Dist-Jenkinsville)
Robert Calvin Corley (State Hwy Dept-Greenville)
Marie Spells Hilliard (Orangeburg Co School Dist)
Marie Pyles (Greenville County School District)
Josephine Weatherford Gault (Williamsburg Co School Dist)
Marion Parker (Beaufort County School District)
John E. Daniels (State Hwy Dept-Bamberg)
Jeanette J. Jackson (Charleston Co School Dist-St. James School Dist #9)
Charles B. Bell (Greenwood County)
Maude Diane Thompson (City of Columbia-Parks and Recreation)

Ethel L. Callahan (McCormick Co School District)
Virgil H. Ruff (Lexington Co School Dist-Brooklyn Cayce)
George C. Mundy (Greenwood County Magistrate)
Freddy T. Thackston (Greenville Co School Dist-Berea)
Margaret M. Dick (Greenville Co School Dist)
Charlie Meyers (Colleton Co Board of Education)
Joseph E Windley (Horry Co School Dist)
John Young (City of Union-Health Department)
Elias R. Simmons (Dorchester Co Board of Educ)



Disability Retiree Earnings Limitation

Disability retirees are subject to an annual calendar-year earnings limitation for all public and private employment and should report earnings from any gainful employment to the Retirement Systems each year.

If you are a disability retiree, you may earn the difference between your average final compensation (AFC) at retirement (adjusted for cost-of-living increases) and your disability retirement annuity without affecting your retirement benefits.

A disability retiree's AFC may be adjusted each year for inflation for earnings limitation purposes only. This increase generally matches the percentage increase in the Consumer Price Index.

If, as a disability retiree you earn more than your adjusted AFC, your monthly annuity will be suspended and possibly canceled. We encourage you to notify us immediately if you anticipate exceeding the limit to avoid any overpayment of benefits.

If, as a disability retiree you return to work with an employer covered by the Retirement Systems and your salary is equal to or greater than your adjusted AFC, your disability retirement annuity

ceases and you must become an active member of the system.

When a disability retiree reaches age 65 (South Carolina Retirement System members) or age 55 (Police Officers Retirement System members), service retiree earnings limitation rules will apply.

The Retirement Systems monitors post-retirement employment with covered employers only. Please notify us immediately of any changes in your employment status by contacting Customer Services at 1-800-868-9002, 803-737-6800, or cs@retirement.sc.gov.

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South Carolina Retirement Systems

Peggy G. Boykin, CPA
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